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Part 1: News Analysis

One year after President Gurbanguly Berdymukhamedov's pro-forma election, accounts differ on how far he has gone in opening up his isolated country and reversing the destructive legacy of his predecessor, deceased dictator Saparmurat Niyazov.

Everyone agrees that the task of turning around a backward, Soviet-style economy and heavily entrenched cult of personality is daunting, and that each reform only increases expectations of more to come. President Berdymukhamedov has restored the years of secondary and higher education that were slashed by Niyazov, re-opened circus and opera performances, opened up Internet cafes, released prisoners, and re-opened hospitals. He has reinstituted pensions for the elderly, raised salaries of teachers and other state employees, and allowed more students to study abroad.

Yet every half-full glass is partly empty, and some would say Turkmenistan's contains only a few drops. The government still places emphasis on high-profile construction to glorify the state rather than serve public needs, and the content of education remains hobbled by ideology, particularly a curriculum dominated by Niyazov's *Ruhnama* spiritual guide. Pensions are not enough to meet the cost of living, lists of persons banned from travel remain in place, and known political prisoners languish without due process in prison. Perhaps most disappointing has been Berdymukhamedov's failure to ensure press freedoms and to account transparently for state budgets and expenditures, past and present. While the infamous Niyazov Fund and other government stashes have been closed, public information on these and other shadowy revenue sources is nearly nonexistent.

This week, the Turkmen leader used the occasion of Flag Day to release 1,250 convicts, although no long-term political prisoners such as former Foreign Minister Boris Shikhmuradov, who was jailed and has not been independently contacted since 2004, were among them.

Some less-noticed indications of change include a court-ruling last year in favor of the Russian telecommunications company MTS, which had challenged the previous government's claims to its profits; the doubling of MTS' mobile phone customers in two years; and the easing of domestic travel restrictions.

Following the near-legalization in January of the previous black-market exchange rate, President Berdymukhamedov continued his tentative economic reforms by adjusting gasoline prices. A recent decree instituted a free quota of 120 liters (31.7 gallons) a month for motorists, but raised the price more than seven times for any expenditures beyond that quota. At home, the state media accentuated the provision of free fuel, but abroad, analysts suggested that the change in the subsidized price might lead to more rational gasoline demand in Turkmenistan, which reportedly consumes the most in the region.

The state media also spun a reduction in electricity deliveries to Tajikistan, accentuating the boost in supplies Turkmenistan had provided in the previous month. Despite earlier indications that the Turkmen government would try to meet increased electricity demand from cold-strapped Tajikistan, President Berdymukhamedov's current talks with Tajik Energy Minister Sharli Gul indicate that Turkmenistan will only send more diesel fuel.

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1. INTERNATIONAL RELATIONS

a. On One-Year Anniversary, Foreign Analysts Question Turkmen Leader's Reforms

Original title: Turkmenistan: "Great Revival" or More of the Same?

Source: Reuters/02/12/08. Synopsis prepared by OSI Turkmenistan Project

Full version: <http://uk.reuters.com/article/oilRpt/idUKL1254568620080212>

Synopsis: President Gurbanguly Berdymukhamedov was sworn in a year ago this week following the death of dictator Saparmurat Niyazov, vowing to liberalize the economy and improve ties with the West while bringing about an "era of great revival," Reuters reported. "A year on, analysts are questioning his commitment to genuine change," writes Reuters' Marat Gurt. "Niyazov's legacy – a poor human rights record, repressive security apparatus and absence of press freedom – still haunts Central Asia's top natural gas exporter," he continues.

"It's clear that despite a lot of talk about reforms, the Central Asian nation is arguably no more open now than it was under the deceased despot Saparmurat Niyazov," Gurt quotes New York-based eurasianet.org as saying. Others are more positive. "Liberalisation will go on, coupled with efforts to strengthen the ruling oligarchy," says Alexei Makarin, an analyst with Russia's Center for Political Technology. "It's a long process. Turkmenistan is only making its first steps," he added.

To his credit, President Berdymukhamedov has lifted some travel restrictions, reformed select pieces of legislation, ended a ban on opera and circus, and visited Europe and the US to promote investment, says Reuters.

In business, Turkmenistan is trying to demonstrate more independence in its energy policy, Reuters reports, "flex[ing] its diplomatic muscle" with Russia and Iran while keeping its distance from the West.

b. “Totalitarian Pillars Set Up by Niyazov Remain in Place”: EurasiaNet

Original Title: *Turkmenistan: Berdymukhammedov Marks First Year as President*

Source: eurasianet.org/02/11/08. Synopsis prepared by OSI Turkmenistan Project.

Full version: <http://www.eurasianet.org/departments/insight/articles/eav021108.shtml>
02/11/08

Synopsis: Reviewing the year since Gurbanguly Berdymukhammedov's pro forma election as president of Turkmenistan, eurasianet.org's Aisha Berdyeva says that the underlying structure of Niyazov's oppressive regime remains. While stating that Berdymukhammedov's foreign diplomacy efforts "have the potential to overhaul the geopolitical status quo in Central Asia," Berdyeva notes that freedom of movement is still restricted and security services continue to monitor citizens, maintaining a list of those not permitted to leave. No independent media outlets exist, and journalists fear writing openly. While the president made a much-ballyhooed move to open Internet cafes, only about a dozen exist nationwide, all under state scrutiny and with prices too high for many to use. The government recently instituted a ban on individual satellite dishes. While the circus and opera have been restored, ballet is still banned and a government license is needed for dance performances.

Berdymukhammedov's restoration of the 10-year education system and return of university education to five years instead of two has failed to address the quality of instruction, Berdyeva continues. "Perhaps most tellingly, the spiritual guide purportedly penned by Niyazov, the Ruhnama, remains the chief textbook at all levels of Turkmenistan's education system," she says. Meanwhile, pensions restored to tens of thousands of elderly Turkmens are insufficient to meet the costs of living.

c. Turkmen Delegation Heads to Brussels for Energy Talks

Original title: *Turkmen Delegation Visits Brussels for Talks*

Source: turkmenistan.ru/02/13/08. Synopsis prepared by OSI Turkmenistan Project.

Full version: http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=12164&type=event&sort=date_desc

Synopsis: A government delegation of Turkmenistan led by Tachberdy Tagyev, Vice Prime Minister for the oil and gas sector, is visiting Brussels from February 14-17 for bilateral talks with Belgium, turkmenistan.ru reported.

d. Tajikistan Asks for More Electricity, Receives Turkmen Pledge of Diesel Fuel

Original title: *Turkmenistan to Send Fuel to Cold-hit Tajikistan*

Source: BBC Monitoring Central Asia/Turkmen government website turkmenistan.gov.tm/02/13/08.

Full version: <http://www.turkmenistan.gov.tm/?idr=1&id=080213d>

On February 13, President Gurbanguly Berdymukhammedov Turkmenistan received Tajikistan's energy and industry minister, Sherali Gul, who arrived in Ashgabat, heading his country's official delegation to take part in the first meeting of the joint-Turkmen-Tajik inter-governmental commission on partnership in trade, economic, scientific and technological spheres.

[Passage omitted: the guest conveys greetings from the Tajik leader; the sides discuss the current state of bilateral relations]

In the course of the talks, Sherali Gul noted that Tajikistan was highly interested in strengthening its relations with Turkmenistan, which Tajikistan sees above all as a big friend ready to extend a hand of help at a difficult moment.

Having expressed deep gratitude to the Turkmen side, the Tajik energy and industry minister briefed the Turkmen leader on the current situation in Tajikistan due to the anomalous cold weather. He asked for an increase in the amount of electricity Turkmenistan was supplying his country.

Gurbanguly Berdimuhamedow, in turn, assured his guest that Turkmenistan would provide as much help as possible to the fraternal Tajik people. Some 500 tons of diesel oil will be sent to Tajikistan in the nearest future, the head of state said.

[Passage omitted: Days of Turkmen and Tajik cultures to be celebrated in each of the two countries; Tajikistan's envoy in Turkmenistan attended the meeting]

e. IAEA Delegation Visits Ashgabat

Source: Official Turkmen Government website/02/12/08/Turkmenistan State News Agency/02/12/08

Full version: <http://www.turkmenistan.gov.tm/en/?idr=1&id=080212a>

A delegation of the International Atomic Energy Agency (IAEA) visited Turkmenistan February 12-13, the Turkmenistan State News Agency (TDH) reported.

The members of the delegation will hold talks at the Ministry of Oil and Gas Industry and Mineral Resources, the Ministry of Health and Medical Industry, the Turkmengaz State Concern, the Turkmenhimiya State Concern, and other government departments. The visitors are scheduled to have meetings at the Gun Scientific Production Association of the Presidential Supreme Council for Science and Technology.

2. DOMESTIC DEVELOPMENTS

a. Turkmenistan to Provide Free, Rationed Gasoline for Motorists

Original title: Resolution On Regulation of Rationing Motor Petrol and Diesel Fuel to Private Car Owners

Source: Official Turkmen Government Website/02/10/08.

Full version: <http://www.turkmenistan.gov.tm/en/?idr=1&id=080210b>

The president of Turkmenistan issued a resolution, "On Regulation of Rationing Motor Gasoline and Diesel Fuel to Private Car Owners". The document approves monthly rates for motor gasoline of all kinds and diesel fuel free of charge to owners of motor vehicles, tractors and motorcycles. The approved rates come into force on February 11, 2008. The resolution approves procedures for free fuel, which come into force on February 11, 2008. According to the resolution, fuel exceeding the approved monthly rates will be provided at commercial prices approved by the Cabinet of Ministers of Turkmenistan.

Various types of gasoline and diesel fuel provided free of charge rationed to private car owners, citizens of Turkmenistan:

for motor passenger cars weighing less than 3,500 kg and not more than 8 passenger seats, excluding the driver seat—20 liters

for the motor trucks weighing more than 3,500 kg—200 liters

for buses and motor vehicles with more than 8 passengers seats excluding the driver seat—200 liters

for tractors of all types—200 liters

for motorcycles and motor-scooters of all types—40 liters

Owners of motor vehicles shall receive coupons rationing fuel free of charge according to an established monthly rate. Oil products shall be rationed free of charge at the fueling stations of the Turkmennebitonumleri Administrative Department. Authorized banking establishments shall issue fuel coupons for private car owners who are citizens of Turkmenistan upon presentation of a passport, motor vehicle registration card and certification of good repair. The coupons shall be issued for one motor vehicle with a six-month gasoline ration and become invalid upon expiration of the calendar year.

b. Turkmen Citizens Line Up for Gasoline

Original title: Turkmen Queuing Up to Buy Petrol Before Price Changes

Source: ITAR-TASS/02/09/08. Synopsis prepared by OSI Turkmenistan Project

Full version:

http://www.industrywatch.com/pages/iw2/Story.nsp?story_id=114463747&ID=iw&scategory=Energy%3AOil&P=&F=&R=&VNC=hnall

Synopsis: For the first time in a decade, long lines of vehicles have formed at gas stations in Turkmenistan, ITAR-TASS reported. Motorists were reacting to the Turkmen president's February 8 decree providing rationed free gasoline to vehicle owners. Car owners sought to fill their tanks at the earlier price of 400 manat per liter (US \$0.02 at the commercial rate of \$1.00/20,000 manats) before February 11, when it went up to 3100 manat (US \$0.16) for every liter beyond the new quota.

c. Gas Price in Turkmenistan to Effect Uzbekistan's Fuel Market

Original title: Era of Cheap Turkmen Petrol Ends for Karakalpakstan

Source: uznews.net/02/12/08. Synopsis prepared by OSI Turkmenistan Project

Full version: http://www.uznews.net/news_single.php?lng=en&sub=hot&cid=9&nid=3431

Synopsis: News of the Turkmen government's reform of gas prices will have an effect on Uzbekistan's neighboring region of Karakalpakstan, uznews.net reported. Smugglers have long taken advantage of Turkmenistan's cheap fuel to supply an estimated 50 percent of Karakalpakstan's gasoline market. Both those people who saved on fuel and those who made their living smuggling the fuel across the border face economic losses.

d. Turkmen President Frees 1,256 Prisoners; Further Release of Convicts Planned: TIHR

Original title: Turkmen President to Increase Occasions for Prisoners to Be Pardoned; President Signs Decree of Pardon

Source: Turkmen Institute for Human Rights/ chrono-tm.org/02/11/08;02/14/08. Reprinted with permission from TIHR.

Full version: <http://www.chrono-tm.org/?026500000000000000011062008020000#3789>

President Berdymukhamedov has signed a Decree on Pardon of Persons Sentenced to Incarceration in honor of State Flag Day. Under the decree, 1,256 persons have been freed and released from serving the remainder of their terms, and also relieved of further penalty in the form of restricted residence. [A list of free prisoners is available on the TIHR website—TP]

An officer from a corrective labor colony who asked not to be cited by name said that a pardon dedicated both to the [first—TP] anniversary of Gurbanguly Berdymukhamedov's presidency, as well as to State Flag Day, would be held in Turkmenistan on 16 February.

Confirmation of the forthcoming pardon also came from a source at a penitentiary department says that the "Turkmen president's verbal promise to release small numbers of convicts on the occasion of each state holiday will be legalized." Thus, besides the annual mass pardoning on the occasion of Gadyr Gijesi [a Muslim holiday—TP], pardons will also be granted on State Flag Day (19 February), Constitution Day (18 May) and Independence Day (27 October).

e. Turkmen President Makes Key Appointments

Original title: President of Turkmenistan Appointed High-Ranking Officials.

Source: Official Turkmen Government website/02/10/08.

Full version: <http://www.turkmenistan.gov.tm/en/?idr=1&id=080210a>

By decree of President Gurbanguly Berdymukhamedov, Khojamyrat Geldimyradov is appointed Minister of Finance of Turkmenistan.

By decree of President Berdymukhamedov, Nurmuhammet Annaevich Ashirov is appointed Head of the Chief State Tax Service of Turkmenistan.

By decree of President Berdymukhamedov, Gurbanmyrat Yazmuhammedovich Gurbanmyradov is appointed Minister of Economy and Development of Turkmenistan.

By decree of President Berdymukhamedov, Ayna Pigambergulieva Gurbanniyazova is appointed Chancellor of the D. Azadi Turkmen National Institute of World Languages.

3. ECONOMIC NEWS

a. Turkmenistan to Privatize Economy Gradually, Allow for Diverse Energy Routes

Original title: *Turkmen Leader Declares Great Revival Period in Country*

Source BBC Monitoring--Central Asia/TV Altyn Asyr/02/08/08. Excerpts and headings by BBC Monitoring.

Full version: <http://www.turkmenistan.gov.tm/en/?idr=4&id=080210a>

[Presenter] Today President Gurbanguly Berdymukhamedov of Turkmenistan chaired an expanded government meeting in the big hall of the presidential palace.

[Passage omitted: the meeting was attended by senior government and state officials, media, public figures.]

President declares Great Revival Period

[Berdymukhamedov] At present, Turkmenistan has entered a new phase of its economic development. Our media has already dubbed it "the Great Revival Period". As we are actually entering the period of great revival, then we have to define which kinds of tasks we have to resolve immediately in the economy, as well as in other fields, and make sure that they are accomplished successfully.

We also have to make it clear what tasks should be achieved by our economic management agencies and ministries, in which areas, during the Great Revival Period. I am confident that in implementing our socio-economic development plans and our national development model, we should proceed from economic achievements we have scored in the years of independence. As I noted in the past, the main goal of the national projects and economic reforms is our people's well-being [applause].

[Passage omitted: remarks on the country's current economic performance.]

For the next few years, the average GDP growth rate should be no less than 8-10 percent. Thus, the GDP growth rate will exceed the population growth rate by four to five times, which in turn, will ensure that per capita income of every resident of Turkmenistan will also be increasing consistently. It concerns all ministries and departments and in particular the oil and gas sector. To accomplish these tasks, we have to take relevant measures to set up new transnational transport schemes. This is a key factor to strengthen the country's geopolitical position. It also requires the creation of free economic zones such as an international tourism zone, and also the creation of appropriate economic and political preconditions.

[Passage omitted: remarks on advantages of Turkmenistan's geographical position; the need to set up joint ventures; the need to strengthen the national currency; report that foreign trade in 2007 was over US \$12.7 billion.]

State Control Over Key Economic Sectors

We believe that it is the state that should provide all-out support to private entrepreneurs [applause]. At the same time, as I just said, it would be expedient to retain strong state ownership over basic sectors of the economy. This is because during the transitional period to the market economy, the state alone can ensure people's well-being and protect them.

On the other hand, the transition to the market economy should be gradual. This means maintaining stable development of the national economy as well as social stability. The privatization of state property should not be carried out in a rush, but gradually.

We will retain state ownership in the oil and gas industry, power generation, the chemical and petrochemical industry, and the textile, construction, transport and communications sectors. State ownership over these economic sectors makes it possible for the state to resolve essential social tasks.

[Passage omitted: the population will continue to receive free natural gas and electricity; foreign experience to be attracted to schools and higher education establishments.]

It is quite natural that in our country we have every condition for the population's growth. We have all favorable conditions for the population's growth, including measures to preserve national traditions, political stability, and state protection of people's well-being and others.

[Passage omitted: repeat.]

Adherence to Diverse Fuel Export Route Principles

Our country has huge raw hydrocarbon resources. In the experts' estimates, we have some 24,600 bcm [billion cubic meters – TP] of gas reserves. At present, extraction of crude oil and natural gas is on the rise both on onshore and offshore fields and more oil and gas rich deposits have been discovered. Among them, there are the recently-discovered Southern Yoloten, Osman and other big gas deposits.

At the same time, it is necessary to amend our economic development blueprint with a clause saying that Turkmenistan's fuel and energy sector remains open for mutually beneficial projects and schemes.

Adherence to diverse fuel export schemes will remain as a basic principle of our economic development strategy.

[Passage omitted: repeat.]

It is estimated that we have some 12 billion tons of crude oil and some 6,000 bcm of natural gas in the Turkmen sector of the Caspian Sea alone. It is necessary to carry out an international audit of all of Turkmenistan's fuel deposits in 2008. Huge commercial reserves of raw minerals, necessary for the country's chemical sector, have also been discovered.

[Passage omitted: a securities market is to be set up in the country; new appointments; Turkmenistan will allocate 120 liters of free gasoline or diesel fuel to every car owner a month – covered.]

b. President Berdymukhamedov Closes Niyazov Fund

Original title: Turkmen Leader Closes State Funds Established by Predecessor

Source: BBC Monitoring Central Asia/TV Altyn Asyr/02/08/08

President Berdymukhamedov has signed a resolution to close some state funds in the country, Turkmen TV Altyn Asyr reported. "In line with the document, it is approved to close the state funds of Turkmenistan February 4, 2008," state television reported.

The document also said that a resolution was adopted "with the aim of improving control over proper and efficient use of monetary funds" by ministries, departments, local governing bodies and their subordinate organizations and enterprises.

The late Turkmen president, Saparmyrat Niyazov, had set up several funds under ministries and government bodies.

c. "Mild Shock Therapy" in Turkmenistan's Economic Reforms: Turkish Weekly

Original title: Mild Shock Therapy in Economic Reforms of Turkmenistan

Source: turkishweekly.net/02/09/08. Synopsis prepared by OSI Turkmenistan Project.

Full version: <http://www.turkishweekly.net/news.php?id=52286>

Synopsis: Gasoline price reforms instituted this week in Turkmenistan are a form of "mild shock therapy," says turkishweekly.net, noting that measures to push the country toward a market economy began with the legalization of the black-market rate of the U.S. dollar. Under a presidential decree, every driver gets 120

liters free every month, but must pay a "market price" after the quota is consumed, ending the essentially subsidized price of 400 manat per liter.

"Exact figures are not available but it is believed that per capita consumption of petrol and diesel in Turkmenistan is the highest in the entire CIS space, primarily because petrol and diesel, till now, were available in unlimited volumes at the cheapest prices in the world," says turkishweekly.net. The subsidies prompted "mindless wastage," according to the outlet, since under the old rules, one US dollar could purchase 50 liters (or over 31 gallons) of gasoline at the commercial exchange rate. It suggests that the reform could prompt reduced consumption and perhaps a shift towards more efficient cars.

Unless otherwise indicated, all translations have been prepared by OSI's Turkmenistan Project.

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